

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814<http://www.dgs.ca.gov/opsc>

November 4, 1996

To: All School District Superintendents and County Superintendents of Schools**Subject: ADVISORY REGARDING EDUCATIONAL TECHNOLOGY ALLOWANCE FOR MODERNIZATION PROJECTS**

On September 25, 1996, the State Allocation Board (SAB) set aside \$49.5 million to increase the educational technology (ET) allowance for modernization projects that were funded for the construction phase (Phase C) from Proposition 203 funds. This added allowance is to be used only for wiring/cabling and/or building power upgrades necessary as a result of the added ET in the project.

Prior to this increase in the ET allowance, modernization projects were authorized an ET allowance equal to 1.25% of the current replacement value of the facility to be modernized pursuant to Chapter 758, Statutes of 1992 (AB 1162). Language in Proposition 203 enabled the SAB to increase that allowance, but only for modernization projects funded for Phase C with Proposition 203 funds. Any modernization projects not funded for Phase C with Proposition 203 funds are only eligible for the original ET allowance of 1.25%. Any added ET allowance for non-Proposition 203 funded modernization projects must be authorized in future legislation.

Based on the set aside of \$49.5 million for this purpose and the modernization projects either funded or to be funded for Phase C with Proposition 203 funds, the ET allowance will be increased by an amount equal to 2.75% of the current replacement value of the facility. Modernization projects that have already been funded for Phase C with Proposition 203 funds will be apportioned at the November 26, 1996, SAB meeting for the additional allowance. Modernization projects still to be funded for Phase C with Proposition 203 funds will receive the additional ET allowance when the Phase C is apportioned.

Since the added modernization ET allowance may only be used for wiring/cabling, power upgrades and LAN or server hardware, the SAB stipulated that prior to the release of these funds, districts must specifically identify the work to be funded with the added ET allowance. This can be done by submitting to the OPSC either:

1. A letter self-certifying the ET components in the project, including estimated costs (which may be subject to future compliance audits); or
2. Building plans, specifications and cost estimates for the project which clearly identify ET components.

School districts that do not substantiate the ET in their projects by letter of certification or in the building plans will not be eligible to receive the release of the augmented allowance. In those cases where the ET components are already included in the building plans, school districts may choose to expedite the OPSC review by self-certification. There are several ways the added ET allowance may be utilized in the project. They are as follows:

- If the project has already been bid or the district does not wish to include ET work in the plans and specifications (P&S), the added ET allowance will be held for future in the construction category as "other" and available to the district for change orders or deferred construction (for ET purposes only). The allowance, or portion thereof, will be released to the district upon receipt of a letter of certification, acceptable change order(s) or bid documentation to support the release of the deferred construction amount identified for ET purposes.
- If the project has been apportioned for Phase C and has not been bid, the district may revise the P&S to include the added ET allowance in the bid. Should this be the case, districts must self-certify that the added ET work is in the P&S as indicated in number 1 above and the OPSC will increase the construction allowance for the project. However, districts should be advised that the 365 day time limit on apportionment is still in effect as of the date of the original Phase C apportionment.
- If the project has not yet been apportioned for Phase C, the OPSC will either include the ET allowance in the construction allowance (i.e. part of the bid) or defer the ET allowance in the construction "other" category upon district notification. In this situation, districts may revise the P&S as appropriate to include the new ET components associated with the 2.75% allowance increase and self-certify the work in accordance with number 1 above to expedite OPSC processing. Please be aware that Proposition 203 funds for modernization projects are nearly depleted. In the event that a project is given an ET allowance and not subsequently funded for Phase C from Proposition 203, OPSC will advise the district that the 2.75% ET allowance will no longer be available.

Please note that a maximum ET allowance of 4% of the replacement value is available for those modernization projects funded for Phase C with Proposition 203 funds and that two different SAB policies stipulate the purpose for which the ET allowances may be used. The initial 1.25% allowance authorized by AB 1162 may be used for wiring/cabling or for certain furniture and equipment items; however, the added ET allowance (i.e. 2.75%) must be used for wiring/cabling, building power upgrades and LAN or server hardware necessary as a result of the added ET allowance in the project. If necessary, the OPSC will allow for the separation of the total allowance and apply the SAB policies as appropriate for each ET portion.

Should you require any clarification regarding the contents of this letter, please call Dave Zian at (916) 322-5263 or e-mail him at: dzian@dgs.ca.gov.

Sincerely,

TED W. DUTTON
Executive Officer

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